

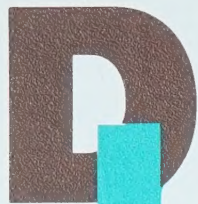


DOVER INDUSTRIES LIMITED • ANNUAL REPORT 1964

AR42



APR - 6 1965



D O V E R I N D U S T R I E S L I M I T E D

OPERATING



Robinson CONE CO.

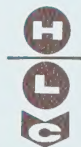
H A M I L T O N • O N T A R I O

WHOLLY-OWNED SUBSIDIARY COMPANIES



CHERRY TAYLOR FLOUR MILLS LIMITED

P R E S T O N A N D C H A T H A M D I V I S I O N S



HOWELL LITHO AND CARTONS LTD.

H A M I L T O N A N D T O R O N T O D I V I S I O N S

Taylor Grain Limited

C H A T H A M • O N T A R I O

DIRECTORS AND OFFICERS

DIRECTORS

MRS. J. C. BINNIE
J. C. BINNIE, Q.C.
H. J. CARMICHAEL
J. M. GODFREY, Q.C.
D. M. HUNTER
E. C. LABARGE
J. R. MCPHEE
D. SMITH
G. M. SUTHERLAND
J. M. VALLANCE
D. H. WARD
D. H. WIGLE


OFFICERS OF THE COMPANY

President
Vice-President
Vice-President
Secretary-Treasurer

MRS. J. C. BINNIE
G. M. SUTHERLAND
D. M. HUNTER
J. R. MCPHEE

TRANSFER AGENT AND REGISTRAR

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario



REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the twenty-fourth Annual Report, the Consolidated Statements and the five year Financial Summary of your Company for the year ended December 31, 1964.

SALES:

Sales for the twelve months are up 11% over the similar period in 1963.

EARNINGS:

The Consolidated Net Profit for the fiscal year was \$331,205.00. After provision for Preferred Dividends, this represents earnings of \$1.89 per Common Share.

DIVIDENDS:

Dividends at the rate of 6% per annum amounting to \$61,576.00 were paid on Preferred Shares, and \$85,692.00, or 60¢ per share per annum, were paid on the Common Shares.

WORKING CAPITAL:

The Working Capital of the Company increased to \$1,692,247.00 from \$1,533,795.00.

CAPITAL EXPENDITURES:

Capital Expenditures during the year amounted to \$189,339.00. New high-speed machinery was added to the Howell operation, and a further extension built at the Howell Hamilton plant. At the T. H. Taylor Company in Chatham, bulk flour facilities were installed, and grain handling was improved at the elevators.

ICE CREAM CONES AND STRAWS:

Robinson Cone Company Sales and Operating Profit again advanced. Improvements in quality and the introduction of new lines, in both Cones and Straws contributed to make it the most successful year in the Company's history.

FLOUR AND GRAIN:

The flour mills had an excellent year. The sale of flour to Russia was completed in July and this business kept S. J. Cherry & Sons at Preston, and The T. H. Taylor Company of Chatham, running above normal capacity. The Chatham mill has increased its Export business and S. J. Cherry's entering new sales areas have improved their position. The flour mills are now operating under the name of Cherry Taylor Flour Mills Ltd., and by using common brand names will facilitate the interchange of production and sales. The Grain Department, operating as Taylor Grain Limited, had an increase in Operating Profit. The added storage and handling equipment at the elevators is expanding our interest in the grain business.

LITHO AND CARTONS:

There was an increase in volume of cardboard boxes and paper litho products in 1964. The Folding Carton Division made the best gain, while volume of Set-up Boxes and Paper Litho items improved over last year. The purchase of additional equipment has boosted our productive capacity at both plants. Profits from this business were encouraging, and higher than the previous year.

The Directors wish to acknowledge with sincere appreciation the co-operation of management and employees during the past year.

Respectfully submitted

On behalf of the Board

Alona M. Binnie

President

Hamilton, Ontario, March 31, 1965.



DOVER INDUSTRIES LIMITED AND ITS WHOLLY-OWNED SUBSIDIARIES

(INCORPORATED UNDER THE LAWS OF CANADA)

ASSETS

CURRENT:

| | 1964 | 1963 |
|---|-------------|-------------|
| Accounts receivable | \$1,083,305 | \$1,047,156 |
| Inventories valued at the lower of cost or market. | 1,500,623 | 1,557,035 |
| Prepaid expenses. | 48,050 | 108,568 |
| Total current assets. | \$2,631,978 | \$2,712,759 |

FIXED:

| | | |
|---|-------------|-------------|
| Land, buildings and equipment—at cost. | \$3,969,766 | \$3,814,988 |
| Less accumulated depreciation. | 2,693,317 | 2,498,707 |
| | \$1,276,449 | \$1,316,281 |

OTHER:

| | | |
|--|------------|------------|
| Sundry assets | \$ 17,000 | \$ 24,500 |
| Goodwill (excess of cost of investment in subsidiaries over equity in net tangible assets at date of acquisition) | 499,588 | 499,588 |
| | \$ 516,588 | \$ 524,088 |

On behalf of the Board:

Anna M. Binnie DIRECTOR

John R McPhie DIRECTOR

| | |
|-------------|-------------|
| \$4,425,015 | \$4,553,128 |
|-------------|-------------|

S CONSOLIDATED BALANCE SHEET • DECEMBER 31, 1964

(WITH COMPARATIVE FIGURES AT DECEMBER 31, 1963)

LIABILITIES

CURRENT:

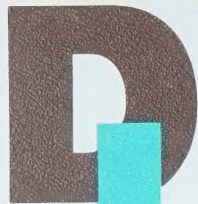
| | 1964 | 1963 |
|--|-------------------|--------------------|
| Bank indebtedness | \$ 152,540 | \$ 469,984 |
| Accounts payable and accrued charges | 423,718 | 420,221 |
| Income and other taxes payable | 275,262 | 237,365 |
| Dividends payable | 52,211 | 15,394 |
| Funded debt instalment due within one year | 36,000 | 36,000 |
| Total current liabilities | <u>\$ 939,731</u> | <u>\$1,178,964</u> |

FUNDED DEBT:

| | | |
|---|-------------------|-------------------|
| 5% debentures of subsidiary company due February 28, 1975 (requiring sinking fund payments of \$36,000 each on February 28, 1965 to 1974 inclusive) | \$ 396,000 | \$ 432,000 |
| Less instalment due within one year | 36,000 | 36,000 |
| | <u>\$ 360,000</u> | <u>\$ 396,000</u> |

SHAREHOLDERS' EQUITY:

| | | |
|--|--------------------|--------------------|
| Capital stock— | | |
| Authorized: | | |
| 105,000 6% cumulative redeemable preferred shares of the par value of \$10 each (redeemable at par) | | |
| 200,000 common shares without par value | | |
| Issued: | | |
| 102,626 preferred shares | \$1,026,260 | \$1,026,260 |
| 142,820 common shares | 71,750 | 71,750 |
| | <u>\$1,098,010</u> | <u>\$1,098,010</u> |
| Earned surplus | 2,027,274 | 1,880,154 |
| | <u>\$3,125,284</u> | <u>\$2,978,164</u> |
| | <u>\$4,425,015</u> | <u>\$4,553,128</u> |

**DOVER INDUSTRIES LIMITED**

AND ITS WHOLLY-OWNED SUBSIDIARIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND EARNED SURPLUS YEAR ENDED DECEMBER 31, 1964
(WITH COMPARATIVE FIGURES FOR FIFTEEN MONTHS ENDED DECEMBER 31, 1963)**P R O F I T A N D L O S S**

| | 1964 (12 MONTHS) | 1963 (15 MONTHS) |
|---|----------------------------|----------------------------|
| Profit from operations before depreciation..... | \$ 877,376 | \$ 927,023 |
| Depreciation..... | 229,171 | 241,045 |
| Profit before income taxes..... | \$ 648,205 | \$ 685,978 |
| Income taxes..... | 317,000 | 311,500 |
| Net profit for period..... | \$ 331,205 | \$ 374,478 |

E A R N E D S U R P L U S

| | | |
|---|--------------------|--------------------|
| Balance at beginning of period | \$1,880,154 | \$1,689,761 |
| Net profit for period..... | 331,205 | 374,478 |
| | \$2,211,359 | \$2,064,239 |
| Dividends declared: | | |
| Preferred — | | |
| Four quarterly dividends of 15¢ each (five in 1963) | \$ 61,576 | \$ 76,970 |
| Payable April 1, 1965 — 15¢ per share | \$ 15,394 | |
| Common — | | |
| Four quarterly dividends of 15¢ each (five in 1963) | \$ 85,692 | \$ 107,115 |
| Payable March 1, 1965 — 15¢ per share | 21,423 | |
| | \$ 184,085 | \$ 184,085 |
| Balance at end of period | \$2,027,274 | \$1,880,154 |

STATEMENT OF CONSOLIDATED SOURCE AND DISPOSITION OF FUNDS YEAR ENDED DECEMBER 31, 1964

SOURCES OF FUNDS:

Operations —

| | | |
|--|------------|------------|
| Net profit for year | \$ 331,205 | |
| Charges not requiring cash outlays: Depreciation | 229,171 | |
| Sundry assets written off | 7,500 | \$ 567,876 |

DISPOSITION OF FUNDS:

| | | |
|---|------------|------------|
| New facilities and equipment | \$ 189,339 | |
| Dividends to shareholders — | | |
| Four quarterly dividends on common and preference shares | 147,268 | |
| Dividends on common and preference shares payable in 1965 | 36,817 | |
| Purchase of debentures for cancellation | 36,000 | 409,424 |
| Increase in working capital | | \$ 158,452 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — DECEMBER 31, 1964

(1) Change in fiscal year: —

The fiscal year-end of Dover Industries Limited and of each of its subsidiaries was changed from September 30 to December 31, effective in 1963, and accordingly the comparative figures in the accompanying financial statements relate to the period of fifteen months ended December 31, 1963.

(2) Statutory information —

The 1964 expenses include the following:

| | |
|-------------------------------|----------|
| Executive salaries | \$77,634 |
| Directors' fees | 2,655 |
| Legal fees | 1,121 |
| Interest on funded debt | 20,100 |

AUDITORS' REPORT

To the Shareholders of DOVER INDUSTRIES LIMITED:

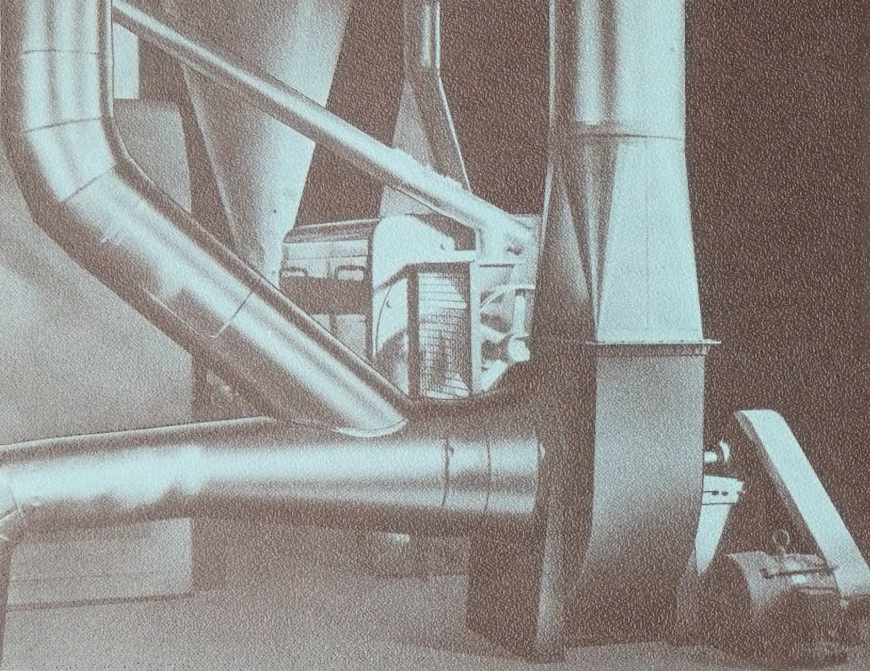
We have examined the consolidated balance sheet of Dover Industries Limited and its wholly-owned subsidiaries as at December 31, 1964 and the statement of consolidated profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statement of consolidated profit and loss and earned surplus are properly drawn up

so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1964 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of consolidated source and disposition of funds which, in our opinion, when considered in relation to the accompanying financial statements, presents fairly the factors giving rise to the changes in working capital of the companies for the year ended December 31, 1964.

CLARKSON, GORDON & CO., Chartered Accountants
Hamilton, Canada, March 2, 1965



(left)

A view of the new Buhler Grain Separator and Grain Scourer which were installed this year during the complete remodelling of the wheat cleaning house in the Preston mill. These machines remove foreign material from the wheat before grinding.



(right)

The trend to bulk deliveries includes flour and its by-products — bran, shorts and middlings. Bulk feed bins were installed at Preston and pictured here is a shipment of bulk shorts being loaded for delivery.

S. J. Cherry & Sons



FINANCIAL SUMMARY 1960 TO 1964

EARNINGS AND DIVIDENDS:

| | 1964 (12 MONTHS) | 1963 (15 MONTHS) | 1962 (12 MONTHS) | 1961 (12 MONTHS) | 1960 (12 MONTHS) |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Income Before Taxes | \$ 648,205 | \$ 685,978 | \$ 589,193 | \$ 465,675 | \$ 572,531 |
| Income Tax Provision | \$ 317,000 | 311,500 | 315,000 | 249,500 | 291,090 |
| Net Income | \$ 331,205 | 374,478 | 274,193 | 216,175 | 281,441 |
| Net Income per Preferred Share | \$ 3.23 | 3.65 | 2.67 | 2.11 | 2.74 |
| Net Income per Common Share | \$ 1.89 | 2.08 | 1.49 | 1.08 | 1.54 |
| Dividends per Preferred Share | \$ 0.60 | 0.75 | 0.60 | 0.60 | 0.60 |
| Dividends per Common Share | \$ 0.60 | 0.75 | 0.60 | 0.60 | 0.60 |
| Earnings Retained in Business | \$ 147,120 | 190,393 | 126,926 | 68,908 | 134,173 |

FINANCIAL STATUS:

| | | | | | |
|--|-------------|-----------|-----------|-----------|-----------|
| Current Assets | \$2,631,978 | 2,712,759 | 2,580,963 | 2,313,373 | 2,298,458 |
| Current Liabilities | \$ 939,731 | 1,178,964 | 1,127,553 | 1,039,535 | 1,072,026 |
| Working Capital | \$1,692,247 | 1,533,795 | 1,453,411 | 1,273,838 | 1,226,432 |
| Current Ratio | 2.8 to 1 | 2.3 to 1 | 2.3 to 1 | 2.2 to 1 | 2.1 to 1 |
| Plant and Equipment (Net) | \$1,276,449 | 1,316,281 | 1,251,772 | 1,334,419 | 1,341,517 |
| Stockholders' Investment (Capital and Surplus) | \$3,125,284 | 2,978,164 | 2,787,770 | 2,660,845 | 2,591,937 |
| Common Stock Equity per Share | \$ 14.70 | 13.67 | 12.33 | 11.44 | 10.96 |
| Shares of Preferred Stock Outstanding | 102,626 | 102,626 | 102,626 | 102,626 | 102,626 |
| Shares of Common Stock Outstanding | 142,820 | 142,820 | 142,820 | 142,820 | 142,820 |



SALES AND DISTRIBUTION

CONES & STRAWS

ROBINSON CONE

Sales Offices
and Warehouses

Hamilton, Ontario
Toronto, Ontario
Montreal, Quebec

Warehouses and
Sales Agents

St. John's, Newfoundland • Halifax, Nova Scotia • Saint John, New Brunswick • Quebec City, Quebec
Sudbury, Ontario • Fort William, Ontario • Winnipeg, Manitoba • Regina, Saskatchewan • Saskatoon, Saskatchewan
Calgary, Alberta • Edmonton, Alberta • Vancouver, British Columbia • Victoria, British Columbia

FLOUR & GRAIN

S. J. CHERRY T. H. TAYLOR

Direct Sales

Coast to Coast — Canada

Sales Agents

Jamaica, British West Indies • Trinidad, British West Indies • Grenada, British West Indies
St. Lucia, British West Indies • Antigua, British West Indies • Montserrat, British West Indies
St. Vincent, British West Indies • Dominica, British West Indies • Barbados, British West Indies
Georgetown, British Guiana • London, England

PAPER BOXES LABELS & POSTERS

HOWELL LITHO AND CARTONS

Sales Offices

Toronto, Ontario
Hamilton, Ontario
Montreal, Quebec

Sales Agents

St. John's, Newfoundland • Halifax, Nova Scotia • Saint John, New Brunswick
Quebec City, Quebec • Vancouver, British Columbia
Jobber distribution coast to coast

DOVER INDUSTRIES LIMITED

EXECUTIVE OFFICES: 145 MACNAB ST. NORTH, HAMILTON, ONTARIO

